

Remarks by Ambassador Gillian Milovanovic

National Entrepreneurship & Competitiveness Council
Third Annual Summit
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Honorable Prime Minister Buckovski,
Honorable Deputy Prime Minister Jordanov,
Honorable Minister of Economy,
Other Honorable Ministers present,
Your Excellency, Ambassador Chiarini,
Distinguished representatives of the private sector and of civil society,
Diplomatic colleagues, Ladies and Gentlemen.

I am honored to participate in this most distinguished gathering, and I thank the members of the National Entrepreneurship & Competitiveness Council for inviting me to address the Third National Summit on Competitiveness.

The very fact that this Council exists, and that its membership is of such a high order, says a great deal about the importance Macedonia places on economic health, and about its determination to do steadily better.

Macedonia and the US have had close and productive ties since Macedonia's independence in 1991. And we recently marked the tenth anniversary of formal diplomatic relations between our two nations. For more than a decade, the US and Macedonia have stood together as friends and partners. The challenges have been many and varied, and they have evolved over the years.

Today, one of the principal challenges facing Macedonia is to accelerate economic growth and boost job creation. It is one that no single segment of society can handle alone. This is a challenge that requires a close partnership encompassing government, the private sector, and civil society. Such a partnership is exemplified by The National Entrepreneurship and Competitiveness Council – the NECC.

The Council has already had a visible positive impact. Yet much essential work lies ahead.

Since its founding just over two years ago, the Council has tackled hard issues and achieved some important results. Let me cite two examples:

This year, following discussions in the Council, the government decided to eliminate -- for six months -- import tariffs on raw materials used by the apparel and other industries.

Other discussions in the Council pointed to the need for a country credit rating, in order to boost foreign investment. A credit rating application was made, and in July 2004 Macedonia received its first country credit rating. Very good news came when, based on political and macroeconomic stability, progress in structural reforms, and lower foreign debt, the rating was recently upgraded to an “investment grade” level. This is an achievement of which to be proud.

Both examples show the practical value of regular dialogue and of swift action once a consensus develops around the action to be taken.

Which leads me to the work that lies ahead for the Council, and for all the segments of Macedonian society which it includes.

Economic progress for Macedonia will come --as it has for many other successful nations—from increased competitiveness, honest and transparent corporate governance, and a supportive, predictable and fair legal and regulatory environment. These in turn require from government and business leaders in particular a shared understanding of their respective roles, and a shared economic vision.

The private sector creates the wealth and jobs the country needs. It must recognize that **it**, and not government, must lead the way to economic growth. The private sector is best poised to meet customer demands ... flexible enough to adjust as customers change ... and dynamic and open enough to embrace innovation.

The US Government recognizes this, and USAID's economic growth projects have focused on the private sector. For example, the competitiveness project has supported companies in five industry clusters to tap into global markets.

At the same time, government has a critical role to play. Recognizing this, our corporate governance project focused on legislative and policy issues that support business.

For only the public sector can foster the favorable environment that businesses need in order to invest and expand. The government has a vital role in supporting business, *without impeding competition*. That means implementing policies and laws that help businesses compete more effectively in global markets.

The new law on electronic communications, and the national strategy for development of an Information and Communication Technology – or ICT society are excellent first steps.

Government's role is also to remove obstacles that keep businesses from becoming more competitive and successful in foreign markets. And government must act quickly and be consistent in its actions.

Developing a shared vision-- and a consensus on the practical actions that must be taken to give that vision life-- is critical to making all the parts fit into an effective strategy for growth and job creation. Here the Council, bringing together as it does leaders in government, business and civil society, can play an especially important role.

A shared view of the destination, and agreement of all parties to pull together to get there, is a *sine qua non* for success. The examples of Ireland and Estonia are instructive.

Ireland saw an incredible turnaround in its economy beginning in the 1990s. Ireland accomplished that by **making sacrifices** ... as well as through strategic choices, targeted investments such as education, and open communication between the public and private sectors.

Estonia focused virtually all of its economic development on the ICT industry – and succeeded.

Those small nations spurred economic growth by sharing a national vision that (1) focused their energies on a few key industries based on knowledge and innovation, ...(2) removed obstacles that hampered business growth ... and (3) fostered a candid and dynamic dialogue between the public and private sectors.

But there are success stories closer to home that tell the same story.

About two years ago, USAID's competitiveness project started working with a small 3-Dimension animation company that had a vision for its industry in Macedonia. The project helped develop and implement a strategy for penetrating this rapidly-growing market. In turn, that collaboration helped spark an expanded vision and an entirely new industry in Macedonia – the digital entertainment industry.

Today some 40 Macedonian companies have come together as MADE (“*Maid*”) the Macedonia Association for Digital Entertainment. MADE's member companies provide services to the entertainment industry, including Hollywood. In fact, the distinguished director MILCO MANCEVSKI (MIL-cho MAN-chef-ski) has joined the association and agreed to work with MADE on the post-production of his next film.

Traditional industries can also prosper on the global market if they introduce changes and innovation. Several Macedonian dairies have made an exceptional effort to identify foreign markets and to carry out careful research on them. They found the niche that best fitted them and adapted their products to the tastes and standards expected by their potential foreign consumers. As a result, the seemingly impossible was achieved: Macedonian cheese was exported for the first time two years ago.

That's what a clear vision can help to accomplish.

But implementing a vision requires consensus. And that brings us back to the Council. Consensus is the first word in the NECC's motto, "Consensus, Action, Results."

The Council, with its membership including government ministers, business leaders and representatives of civil society, is a logical place to build this economic vision and to prioritize the actions that are required to help Macedonian companies succeed in the global economy.

I am confident that Macedonia will move forward. You have already started down the right path. And I assure you that the US – particularly through USAID-- will be pleased to continue to partner with you as you formulate your vision, engage boldly in reform and its implementation, and move more vigorously and quickly toward your economic goals.

Thank you